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Assistance to Myanmar

Note by the Administrator

Summary

The present report contains the major findings, conclusions and recommendations of a two-member international independent assessment mission of the Human Development Initiative (HDI) in Myanmar, carried out in accordance with the guidelines set out in Executive Board decisions 98/14 of 19 June 1998 and 2001/15 of 14 September 2001. Since reporting to the Board at its first regular session in January 2001 on the last HDI assessment mission, the Administrator notes that: (a) a fourth phase of the HDI was approved by the Board in its decision 2001/15 in accordance with the proposals presented in document DP/2001/27; (b) seven of the 10 projects under HDI phase III have been operationally completed and have been succeeded by an integrated community development project under HDI phase IV; (c) the remaining projects on micro-finance, HIV/AIDS prevention and care, and community development in remote townships have also been carried over to HDI phase IV.

The Administrator further notes that: (a) the 2002 HDI assessment mission was carried out in May-June 2002; and (b) a preliminary oral report on the major findings of the mission was presented to the Executive Board at its second regular session 2002 by the Resident Representative. Overall, the mission found that all HDI projects were being carried out in total conformity with the relevant provisions of Governing Council decision 93/21 and Executive Board decision 98/14. The overall impact of the projects on the beneficiaries has also been very positive and has encouraged strong community participation and interaction, which has led to improvement in the capacities of communities to manage their own affairs. The mission also highlighted some strategic issues and challenges, which the Board may wish to consider for implementation under the next phase of the HDI. The full text of the report of the independent assessment mission is available on request from the Executive Board Secretariat.

Elements of a decision

The Executive Board may wish to: (a) take note of document DP/2003/3 and the report submitted by the independent assessment mission to Myanmar, in particular the strategic issues and challenges raised therein; and (b) request that the Administrator take account of and implement the findings of the independent assessment mission during the next HDI phase IV.

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Contents

		Paragraphs	Page
I.	Background and purpose	1-3	3
II.	HDI phase III, September 1999 to May 2002	4-13	4
	A. Introduction	4	4
	B. Assessment by independent mission	5	4
	C. Impact of HDI projects	6-13	5
III.	Key lessons to guide future programming	14-17	6
IV.	Strategic issues and challenges	18-23	7
V.	Recommendations of the independent mission	24-25	8

I. Background and purpose

1. Since 1993, UNDP assistance to Myanmar has been carried out in compliance with the guidelines established in Governing Council decision 93/21 and Executive Board decisions 96/1, 98/14 and 2001/15. In accordance with these decisions, resources are allocated to meet critical humanitarian and basic human needs in Myanmar and are clearly targeted towards programmes having a sustainable impact at the grass-roots level in the areas of primary health care, the environment, HIV/AIDS, training and education, and food security. Projects have been formulated and coordinated within a framework entitled the Human Development Initiative (HDI). The first phase of the HDI (15 projects) was implemented between 1994 and the end of 1996. The second phase extension (HDI-E) comprised 10 projects, which were concluded in late 1999. HDI phase III projects were initiated in late 1999 pursuant to Executive Board decision 98/14. Seven of HDI phase III projects were completed in February 2002 and will be succeeded by an integrated community development project. Together with the remaining three projects, these will be carried over into the fourth phase of the HDI.

2. In its decision 2001/15, the Executive Board approved continued funding of activities in the sectors previously outlined in Governing Council decision 93/21 and subsequently reaffirmed by the Board in its decisions 96/1 and 98/14. It authorized the Administrator to approve project extensions on a project-by-project basis for an amount of $22 million from target for resource assignments from the core (TRAC) funding – but not exceeding $50 million in the event that additional funding becomes available from other (non-core) resources for 2002-2004. In its decision 98/14, the Board also requested that the Administrator provide the Board, on an annual basis, with a report on the progress and challenges in the implementation of HDI project activities. Accordingly, the results of the last HDI independent assessment mission conducted in May-June 2002 is being presented to the Board at its current session.

3. In response to decisions 98/14 and 2001/15, the present report contains the major findings, conclusions and recommendations of a two-member international independent assessment mission held between 18 May and 22 June 2002 in Myanmar. The review covered the period from July 2000, when the last assessment was carried out, to the end of May 2002. This represents the final period of HDI phase III (see Executive Board decision 98/14). The mission examined global HDI issues, the challenges and opportunities in the implementation of project activities and the constraints that exist at the operational level. Mission members also reviewed and made recommendations on the operational strategies planned for HDI phase IV for 2002-2004, approved by the Board at its second regular session in September 2001. The main issues addressed by the mission included: (a) whether the relevant directives of the Governing Council and Executive Board were being closely followed; (b) whether projects, with resources made available, have addressed critical issues affecting human development in Myanmar, including extreme poverty reduction, the protection and regeneration of the environment, HIV/AIDS, food security, training and education, and primary health care; (c) gauging the overall impact of the three main HDI objectives – fulfilment of basic needs, greater participatory processes at the village level and strengthening of capacities of communities and other target groups; (d) determining whether the appropriate monitoring and evaluation procedures and mechanisms were in place

and functioning under HDI phase III; and (e) whether the measures proposed under the new projects (HDI phase IV) are appropriate and adequate to achieve the three main HDI objectives.

II. HDI phase III, September 1999 to May 2002

A. Introduction

4. All HDI projects continue to be formulated and implemented in strict compliance with Governing Council decision 93/21 and Executive Board decisions 96/1, 98/14 and 2001/15. Based on a set of specific criteria, projects have been implemented in the Dry Zone, Southern Shan State, the Ayeyarwaddy Delta and in the remote border area states of Rakhine, Chin and Kachin. Twenty-three townships out of a total of 324 have been targeted in the selected geographical regions for project interventions. HDI projects are focused on the poorest rural populations. Villages and village tracts (an administrative group of adjacent villages) were selected for project interventions according to the results of poverty surveys. On average, assistance is provided to approximately 20 per cent of the village tracts in a typical project township, although micro-credit tends to cover a wider range of villages. The HDI projects have been grouped around three major themes: (a) one cluster covers basic humanitarian needs in primary health care, potable water supply and sanitation, HIV/AIDS prevention and care, and primary education; (b) a second cluster of projects is aimed at the other priority areas – food security, arresting the deterioration of the natural environment, income generation and micro-finance activities; (c) a third cluster covers project activities in the remote border areas, which are delivered under a common area-management approach. To date, the HDI has had an impact on approximately 4 per cent of the country's 48 million people.

B. Assessment by independent mission

5. The mission concluded that, overall, HDI projects are in total conformity with the relevant provisions of the Governing Council and Executive Board decisions. The five critical sectors mandated in the Governing Council and Executive Board decisions are being addressed with strong emphasis on the poorest segment of the rural population living within the 23 selected townships. The overall impact on the beneficiaries has been very positive in addressing many of their most critical needs. A high percentage of the HDI-target villages has now developed the capability to continue on their own outside the HDI projects. The mission also highlighted some of the major accomplishments of HDI phase III on a project-by-project basis and key lessons learned that could guide future programming. It also pointed to some of the strategic challenges for the HDI and critical issues facing human development in Myanmar. These were then elaborated and have provided useful inputs to the discussion on the planning and delivery of HDI phase IV between mission members and the country office. The mission also observed that the transition from HDI phase III to HDI phase IV has been managed in a very structured and organized way through the deployment of small transition teams in each project township.

C. Impact of HDI projects

6. In terms of the substantial accomplishments of the projects under HDI phase III, it was noted that all projects were delivered successfully, most exceeded their targets or goals set and all were delivered within budget.

7. In *primary health care*, extensive training was conducted in "self-care" in 3 700 villages, involving approximately 387 000 women/households in the 11 HDI townships. A series of training programmes was also conducted for 15 000 village leaders, for new volunteer groups, community health workers, basic health staff and villagers to enable them to understand and manage community services better. These activities were further supplemented thanks to funding through 297 micro-projects for small infrastructural facilities and the provision of supplies and small equipment for village health centres.

8. In *community water supply and sanitation*, there was greater emphasis on capacity-building. Intensive training programmes were organized and conducted for villages to assist them in the implementation, operation and maintenance of community-owned, village water supply and sanitation systems. Hazard management workshops were also organized for vulnerable villages and manuals and training materials were developed for water quality control and for the operation and maintenance of water supply sanitation facilities. Project interventions in this sector benefited approximately 2 400 villages.

9. The UNDP *HIV/AIDS* project continues to be the principal mechanism through which the multidimensional aspects of the disease and its consequences are addressed. The estimated infection rate in the country is 0.34 per cent of the population. The project has significantly increased national awareness of the seriousness and consequences of the issue through close collaboration with the technical departments of the ministries. In association with the Joint United Nations Programme on HIV/AIDS (UNAIDS), a joint United Nations strategic plan has been developed for dealing more broadly with HIV/AIDS issues in the country. Presently, the project targets approximately 2 per cent of those infected with HIV/AIDS, which is quite modest given the enormous needs in the country. Through the strategic use of its limited funds, the project has further helped to develop institutional capacity and linkages with civil society organizations. It has also strengthened the technical capacities of community-based organizations for HIV/AIDS prevention and care. Project activities are focused on three priority areas: (a) behavioural change communications interventions; (b) management and care interventions for HIV/AIDS and sexually transmitted diseases; and (c) policy development initiatives and resource mobilization.

10. Over the three HDI phases, 80 per cent of all *primary schools* in the 11 HDI townships received assistance for small-scale infrastructural development. This represented approximately 630 schools and 30 community learning centres. Technical assistance activities in the education sector included: curriculum development; provision of school supplies such as textbooks; support to parent/teachers associations; provision of non-formal education for out-of-school young people and adults; and literacy courses for village volunteers. The project has also developed an education management information system covering all of the townships.

11. The *micro-credit project* covers 11 townships in three geographic areas of the country. The three international non-governmental organization (NGO) implementing partners – Grameen of Bangladesh, Private Agencies Collaborating Together (PACT of the United States) and Groupe de recherche et d'échanges technologiques (GRET of France) – continue to meet and exceed project objectives. While each international NGO has adopted different delivery methodologies, activities are coordinated through micro-finance forums/workshops. To date, micro-credit and savings have been made available in 1 387 villages covering 100 000 households with a recorded recovery rate of 98.5 per cent.

12. The three *environment and food security* projects address environmental degradation in the Dry Zone, Shan State and Delta areas. They continue to improve technologies and capacities for increasing production and rural income. The projects also facilitate the provision of micro-credit to farmers and other vulnerable groups. An evaluation and assessment study of a sample of 45 villages in the Dry Zone found that 80 per cent of the HDI villages have become self-reliant and mature. In the Southern Shan State, the project has clearly improved the livelihoods of the communities. Of the poorest villages, 605 have been targeted in this state where four critical watersheds of national importance exist that are under considerable threat. Extensive training has been conducted for villagers in soil erosion control and conservation practices. Enhanced techniques for integrated plant nutrient systems have also been introduced. In light of the growing concern for preservation and conservation of the natural environment among villagers, almost all households now use fuel-efficient cooking stoves, thus reducing the heavy demands on firewood for domestic purposes. In the Ayeyarwaddy Delta, a wide segment of vulnerable households have been targeted in 343 villages (approximately 28 150 households) in extended environmental interventions ranging from training in marketing and procurement practices to assistance in small-scale aquaculture and livestock rearing to forestry conservation activities.

13. The *community development in remote townships* project operates in 10 townships in the isolated northern and northwestern border areas of Myanmar – the States of Eastern Rakhine, Chin and Kachin. Through a highly integrated approach, the project has extended its outreach to over 126 500 persons living in 257 villages. Interventions include income for social needs, micro-finance, food security and small-scale infrastructure projects. Approximately 1 029 community self-reliance groups have been mobilized, representing 76 per cent of all target households. The project has also paved the way for immediately scaling up activities in conjunction with the withdrawal of the Office of the United Nations High Commissioner for Refugees (UNHCR), which is currently engaged in the repatriation of returnees to the Northern Rakhine State. A more comprehensive basic needs assistance programme has been developed for this region but is awaiting the approval of the national authorities.

III. Key lessons to guide future programming

14. During the discussion and planning of HDI phase IV, the mission highlighted some key lessons from past HDI experience against which certain recommendations were made to further guide future UNDP assistance to the country. It should be

noted that the following recommendations were also made after careful observation of the overall state of the rural/agricultural sector and the broad rapid rural decline.

15. Development of the small farm sector should receive highest priority. This sector could benefit from the adoption of broader methods of programme delivery through enhanced agricultural development, concentrating appropriate resources on the serious threat of growing rural hunger and poverty.

16. The credit component of HDI projects has successfully encouraged investment and development, particularly in the areas of environment and food security. In light of the essential link between credit and investment, this cooperation should continue under HDI phase IV, particularly with respect to the integrated community development and micro-credit projects, which are also of fundamental value for the productive sector.

17. Past experience has shown that improved rural infrastructure can enormously benefit rural development. Among the priority areas are environmental protection infrastructure, such as small dams, erosion control structures and community forestry. Such work tends to be highly labour-intensive and can be carried out during "rural slack seasons". It could contribute to family incomes while substantially increasing yields in successive crop years through environmental improvements.

IV. Strategic issues and challenges

18. The past three phases of the HDI have certainly benefited from a deeper understanding of the complexity of the human development situation in Myanmar. Only a very small portion of the overall rural population (65 per cent), however, has benefited from HDI. UNDP is now faced with the challenge to replicate the successful approaches achieved to date under HDI so that a larger number of the 23 out of 324 townships in the country can benefit. The mission recognized that this would be a formidable task given funding limitations and has therefore made proposals on which HDI could focus over the next phase.

19. In attempting to achieve greater coverage and efficiency in tackling poverty reduction, interventions could be more region-specific rather than village-specific, as is currently the case. This would also enable the HDI to extend technical services to all villages in an entire region or ecological zone. The appropriate delivery mechanisms would also need to be addressed in order to achieve a more combined integrated approach.

20. To sustain the impact of poverty reduction, the HDI will need to consider ways in which to expand the human development process horizontally (to other villages and townships) and vertically to the upper levels of support networks, such as government departments, administrative authorities and larger markets. A good example in this area is the success of the micro-finance project, which has developed a sensible approach to its interventions. Challenges remain to institutionalize credit/savings provider groups and networks through links with larger support networks in the country if financial services are to be sustained and expanded beyond the HDI timeframe.

21. The macro-economic environment does not provide the needed incentive to diversify farm systems into higher value crops. There is a need to reform policies in order for the country to achieve rapid and equitable growth. Without links to an enabling policy environment, the progress made at the grass-roots level will ultimately falter. Progress on key national policies affecting the well-being of the rural sector should also go hand in hand with essential capacity-building for cooperative policy research and analysis within UNDP and the country. While the proposed UNDP agriculture sector review and poverty assessment will assist in the long run, there is presently a more urgent need for policy analysis that can help develop capacity in policy planning. This would necessitate field visits and grass-roots input into the policy formulation process and dialogue with communities on issues that affect their well-being.

22. There is also the dire need to complement long- and short-term efforts to cope with sudden shocks. Assisting the poor in achieving food security also means reducing their vulnerability to such risks as ill health, economic shocks and natural disasters, and helping them to deal with adverse shocks when they hit. Natural disasters and sudden shocks can seriously threaten the food security of many of the country's poor. When disaster strikes in HDI-assisted townships, UNDP has to be in a position to respond quickly to address and prevent post-disaster crisis.

23. In attempting to achieve the sustainable impact of HDI activities, UNDP must adopt a more flexible approach in the next phase whereby it can explore ways in which to scale up, broaden impact and use policy mechanisms to help the poor. This in turn would have a positive effect on some of the broader critical issues facing human development in the country.

V. Recommendations of the independent mission

24. The mission noted that socio-economic and environmental conditions in Myanmar are declining so rapidly that shocks could become severe and more frequent at the household, village and, on a much broader scale, community and state levels. This situation has further deteriorated the livelihoods of the poor, particularly given that the rural/agricultural sector in Myanmar represents around 65 per cent of the population. Economic activities over the past decade have also focused mainly on heavy extraction of existing resources in rural areas rather than investment in the sustainable development of those areas. Coupled with a high population growth of 2.2 per cent annually, the accompanying environmental degradation would further impact the rural economy through reduced farm productivity, lower incomes, increased natural shocks and greater food insecurity. This would simply intensify and aggravate the level of poverty of rural families. Taking this into account, the mission made the following recommendations to be carried out under HDI phase IV projects:

(a) To alleviate a potential food-security and rural-poverty crisis, highest priority should be given to increasing food security and farm/rural incomes.

(b) A portion of project budgets should be allocated for "cash-for-work" programmes, to be implemented over periods of one to three months per year in areas of extreme poverty stress when farm incomes are inadequate and savings exhausted. A portfolio of small-scale, labour-intensive rural/environmental

infrastructure projects with potential for high returns needs to be planned and ready for rapid implementation as required. Such a process has already been initiated by the former Community Development Remote Township Project under HDI phase III.

(c) UNDP should take the lead in proactively informing the international donor community of the extremely serious HIV/AIDS situation in the country and the enormous need for large injections of additional funding to assist in dealing with the epidemic, which is spreading rapidly in Myanmar.

(d) Top priority should be given for the micro-finance project to work with state financial and other authorities on the development and passage of legislation by the Government. This would permit micro-finance institutions similar to those now successfully operating under the UNDP HDI project to operate throughout the country. A wider range of user groups, for example in agriculture, livestock, fisheries, could also benefit from micro-credit activities.

(e) UNDP should urgently proceed with arrangements for carrying out the planned comprehensive, integrated household survey and the agriculture sector review. In this connection, the mission noted that the project documents have been well prepared with clear design plans and are ready for implementation. Strengthened coordination with the Government and interested donors, however, would be essential if these reviews are to achieve their objectives as important sources of data collection for addressing the poverty situation from a policy standpoint.

(f) It was strongly recommended that UNDP introduce hazard reduction and prevention activities in all HDI project areas through more systematic early warning/information systems. It should also determine important sources of information needed for tracking emergencies, establish relief response procedures to handle emergencies and explore ways in which to strengthen collaboration with disaster-related government agencies at the township level.

(g) In an effort to bring about better understanding and awareness of the urgent and declining poverty situation in the country, the mission proposed that personnel from the Agriculture and Forestry Departments be engaged as technical partners in the relevant HDI sectors.

25. As authorized in Executive Board decision 2001/15 of 14 September 2001, the challenge and opportunity exist for UNDP to augment available project funds with contributions from other donors. In developing a strategy for mobilizing non-core resources, the mission felt that the priority needs of new geographical areas should be highlighted.